

STANSBURY PARK IMPROVEMENT DISTRICT

FINANCIAL REPORTS

DECEMBER 31, 2005

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FINANCIAL REPORTS
DECEMBER 31, 2005

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Stansbury Park Improvement District

We have audited the accompanying basic financial statements of Stansbury Park Improvement District (the District) as of and for the year ended December 31, 2005, as listed in the table of contents. These basic financial statements are the responsibility of Stansbury Park Improvement District's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Stansbury Park Improvement District as of December 31, 2005, and the results of its operations and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 24, 2006, on our consideration of Stansbury Park Improvement District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages 3 through 5 are not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental schedules listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of Stansbury Park Improvement District. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Wiggins & Co. P.C.

Sandy, Utah
February 24, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Stansbury Park Improvement District (the "District"), located in the unincorporated area of Stansbury Park in Tooele County, Utah, we offer the readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2005. The District prepares its financial statements on the accrual basis of accounting. Revenues are recognized as earned and expenditures are recorded when incurred. The District receives funds from five principal sources: (1) User Service Fees, (2) Plan Review and Inspection Fees, (3) Impact Fees, (4) Interest Income, and (5) Property Taxes. Unrestricted accounts are maintained as separate accounts at Tooele Federal Credit Union (TFCU) invested in interest bearing accounts insured by the FDIC and NCUA. Unrestricted and restricted impact accounts are kept at Utah Public Treasurers' Investment Fund (PTIF) invested in interest bearing accounts. All investments of the PTIF must comply with the Money Management Act (Section 51-7-11) and rules of the Money Management Council.

FINANCIAL HIGHLIGHTS

1. The net assets of the District for the year 2005 were \$17,222,147 an increase over last year of \$5,650,892 primarily due to rapid growth and contributed capital.
2. The total operating revenues of the District for 2005 reported \$664,528 primarily from water and sewer service fees; an increase of \$44,459 over last year.
3. The District has no debt obligations.
4. Cash in the state treasurers' pool reported a fund balance of \$3,435,097 of which \$1,391,559 is impact fee restricted.

OVERVIEW OF THE STANSBURY PARK IMPROVEMENT DISTRICT

Stansbury Park Improvement District was established on September 22, 1971 by resolution of the Board of County Commissioners of Tooele County pursuant to Chapter 6, Title 17, of the Utah Code Annotated for the purpose of the operation and maintenance of culinary water, sanitary sewer and the storm drain system. Tooele County has no direct oversight responsibility to the Stansbury Park Improvement District and the District is not reported as a unit of Tooele County. The District has no oversight responsibilities over any other governmental units which need to be reported as units of the District.

The District is governed by three Board of Directors. The Members of the Board serve four year terms, two of which are staggered, and are elected to the Board by the residents of Stansbury Park.

OVERVIEW OF THE FINANCIAL STATEMENTS

The District's financial statements consist of two parts: the District's management discussion and analysis and the basic financial statements. The District's summary financial statements reflect the effect of accounting transactions for the year and include notes to the financial statements.

1. The District's financial statements provide information about the District's overall financial position and results of operations. These statements, which are presented on the accrual basis, consist of the Statement of Net Assets; Statement of Revenues, Expenses and Changes in Net Assets; Statement of Cash Flows; and Notes to Financial Statements.
2. The "Notes to Financial Statements" section of the financial statements provides additional information that is essential to a full understanding of the data provided in the District's statements.

The District's statements report information using accounting methods similar to those used by other Enterprise Funds. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Revenues and Expenses and Changes in Net Assets regardless of when cash is received or paid.

The District's presentation of the budget to actual comparison of revenues and expenses shows significant variations of the following:

	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance</u>
Sales and services	\$ 560,000	\$ 635,536	\$ 75,536
Other operating expenses	301,300	94,238	207,062
Depreciation	263,000	323,292	(60,292)
Impact fees-water	163,000	409,892	246,892
Impact fees-sewer	50,000	10,160	(39,840)
Impact fees-sewer lift station	130,000	600,896	470,896
Contributed capital	0	4,563,564	4,563,564

OVERVIEW OF DISTRICT FINANCIAL POSITION

	2005	2004	Change
ASSETS			
Current and other assets	\$ 3,590,728	\$ 2,718,909	\$ 871,819
Capital and noncurrent assets	<u>13,792,462</u>	<u>8,922,008</u>	<u>4,870,454</u>
TOTAL ASSETS	\$ 17,383,190	\$11,640,917	\$ 5,742,273
LIABILITIES			
Current liabilities	\$ 161,043	\$ 69,661	\$ 91,382
Long term liabilities	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL LIABILITIES	\$ 161,043	\$ 69,661	\$ 91,382
Invested in capital assets			
Net of related debt	\$ 13,792,462	\$ 6,132,343	\$ 7,660,119
Restricted	1,391,559	597,002	794,557
Unrestricted	<u>2,038,126</u>	<u>4,841,911</u>	<u>(2,803,785)</u>
TOTAL NET ASSETS	\$ 17,222,147	\$11,571,256	\$ 5,650,891

LONG TERM DEBT

The District is not encumbered with any outstanding long term debt by either sewer revenue bonds or general obligation bonds.

MAINTENANCE OF CAPITAL ASSETS

The District currently staffs three full time employees and part time employees as the need arises. The full time employees consist of a manager, clerk, and field operations person to oversee the daily operation and maintenance of the system which includes all of the piping for the water, sewer, and storm drain systems. The District maintains two culinary water storage tanks, three production wells, two sewer lift stations and a lagoon system consisting of 107 acres.

The District contracts out for professional and technical services including but not limited to engineering. The contractors provide services to the District as it relates to the design of new projects, impact fee and rate analysis, water and sewer master planning and plan review and inspection services for new development. The District has an ongoing maintenance program with Roto Rooter for the cleaning, televising, and maintenance of the sewer system. Other professional and technical services are provided from various firms as the need arises.

The District has adequate funds for emergency repairs resulting from unexpected circumstances.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the District's accountability for all those interested. If you have additional questions regarding financial information, you may contact the District's office at the following address:

Stansbury Park Improvement District
10 Plaza
Stansbury Park, UT 84074

STANSBURY PARK IMPROVEMENT DISTRICT
STATEMENT OF NET ASSETS
DECEMBER 31, 2005

ASSETS

Current assets:

Cash and cash equivalents	\$ 21,019
Cash in State Treasurers Pool	2,004,079
Cash in State Treasurers Pool-restricted-impact fees	2,142,081
Trade accounts receivable (net of allowance for doubtful accounts)	127,429
Property taxes receivable	1,813
Prepaid expenses	<u>7,822</u>

Total current assets	<u>4,304,243</u>
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Property, plant, and equipment:

Land	79,652
Building improvements	494,775
Distribution system	19,549,798
Machinery and equipment	155,161
Office equipment	33,526
Construction in progress	194,002
Idle assets	24,116
Less accumulated depreciation	<u>(4,750,279)</u>

Net property, plant and equipment	<u>15,780,751</u>
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Total assets	<u>\$ 20,084,994</u>
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LIABILITIES

Current liabilities:

Accounts payable	\$ 37,988
Accrued expenses	13,553
Meter deposits	4,770
Inspection deposits	<u>49,490</u>

Total current liabilities	<u>105,801</u>
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NET ASSETS

Invested in capital assets, net of related debt	15,780,751
Restricted	2,142,081
Unrestricted	<u>2,056,361</u>

Total net assets	<u>19,979,193</u>
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Total current liabilities and net assets	<u>\$ 20,084,994</u>
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The accompanying notes are an integral part of these financial statements.

STANSBURY PARK IMPROVEMENT DISTRICT
STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2005

Operating revenues:	
Sales and services	\$ 698,116
Connection fees	18,330
Miscellaneous	<u>17,417</u>
Total operating revenues	<u>733,863</u>
Operating expenses:	
Personal services	200,964
Supplies and materials	41,784
Utilities	71,790
Other	139,887
Bad debt	1,998
Depreciation	<u>407,081</u>
Total operating expenses	<u>863,504</u>
Operating income (loss)	<u>(129,641)</u>
Nonoperating revenues (expenses):	
Property taxes	27,192
Interest revenue	66,996
Impact fees – water	440,117
Impact fees – water – interest income	13,485
Impact fees – sewer	27,724
Impact fees – sewer – interest income	11,884
Impact fees – sewer lift station	631,072
Impact fees - sewer lift station interest income	31,996
Contributed capital	<u>1,636,220</u>
Total nonoperating revenues (expense)	<u>2,886,686</u>
Net income	2,757,045
Net assets beginning of year	<u>17,222,148</u>
Net assets end of year	<u>\$ 19,979,193</u>

The accompanying notes are an integral part of these financial statements.

STANSBURY PARK IMPROVEMENT DISTRICT
STATEMENTS OF CASH FLOW
FOR THE YEAR ENDED DECEMBER 31, 2005

Cash flows from operating activities:	
Cash received from customers	\$ 693,953
Cash received from other sources	35,747
Cash paid for salaries and employee benefits	(203,779)
Cash paid for other operating expenses	<u>(313,709)</u>
Net cash provided (used) for operating activities	<u>212,212</u>
Cash flows from noncapital financing activities:	
Property taxes from Tooele County	<u>31,442</u>
Net cash provided by noncapital financing activities	<u>31,442</u>
Cash flows from capital and related financing activities:	
Impact fees collected – water	440,117
Interest earned – water impact fees	13,485
Impact fees collected – sewer	27,724
Interest earned – sewer impact fees	11,884
Impact fees collected – lift station	631,072
Interest earned – lift station – impact fees	31,996
Expenditures – water impact fees	(16,740)
Expenditures – sewer impact fees	(63,077)
Expenditures – lift station	(325,949)
Purchase of capital assets from unrestricted funds	<u>(353,384)</u>
Net cash provided by capital and related financing activities	<u>397,128</u>

The accompanying notes are an integral part of these financial statements.

STANSBURY PARK IMPROVEMENT DISTRICT
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2005

Cash flows from investing activities:

Interest income	<u>66,996</u>
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Net cash provided by investing activities	<u>66,996</u>
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Net increase (decrease) in cash	707,778
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Cash and cash equivalents at beginning of year	<u>3,459,401</u>
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Cash and cash equivalents at end of year	<u>\$ 4,167,179</u>
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Cash flows from operating activities:

Operating income (loss)	\$ (129,641)
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Adjustments to reconcile net operating
income to net cash:

Depreciation	407,081
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(Increase) decrease in:

Accounts receivable	(2,165)
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Prepaid expenses	(7,822)
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Increase (decrease) in:

Accounts payable	(59,330)
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Accrued liabilities	1,805
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Meter deposits	(540)
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Inspection deposits	<u>2,824</u>
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Net cash provided by operating activities	<u>\$ 212,212</u>
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SUPPLEMENTAL INFORMATION:

Operating activities reflect interest paid of \$NONE.

The accompanying notes are an integral part of these financial statements.

**STANSBURY PARK IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005**

NOTE 1. SUMMARY OF ACCOUNTING POLICIES

The financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles and applies Financial Accounting Standards Board (FASB) statements and interpretations issued after November 30, 1989 that are developed for business enterprises unless those pronouncements conflict with or contradict GASB pronouncements. The more significant of the governments accounting policies are described below.

A. History and Business Activity

Stansbury Park Improvement District was established by resolution of the Board of County Commissioners of Tooele on September 22, 1971, pursuant to Chapter 6, Title 17, of the Utah Code Annotated. Tooele County has no oversight responsibility over the District and therefore the District is not reported as a component unit of Tooele County. The District has no oversight responsibilities over any other governmental units which need to be reported as component units of the District.

The purpose of the District is to acquire and operate systems for providing water and sewer services to Stansbury Park and Lake Point areas of Tooele County.

B. Basis of Accounting

The District's funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of the fund are included on the statement of net assets. Net assets are segregated into invested in capital assets (net of related debt), restricted and unrestricted. The District's operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in total net assets. The District is an enterprise fund and uses the accrual method of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

STANSBURY PARK IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 1. SUMMARY OF ACCOUNTING POLICIES (Continued)

B. Basis of Accounting (Continued)

In 2004 the District implemented GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* (GASB Statement No. 34), GASB Statement 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus* which provides additional guidance for the implementation of GASB Statement 34, and GASB Statement No. 38, *Certain Financial Statement Disclosures* which changes note disclosure requirements for governmental entities. In 2005 the District implemented GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, which changes note disclosure requirements for governmental entities.

C. Property and Equipment

Property and equipment are stated at cost. Normal maintenance and repair expenses that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed asset. The net book value of property sold or otherwise disposed of is removed from the property and accumulated depreciation accounts and the resulting gain or loss is included as income. Depreciation expense for the year ended 2005 was \$407,081. Idle assets are not depreciated.

Depreciation of property and equipment was computed using the straight-line method over the following estimated useful lives:

Sewer Lines	40 years
Office Building	40 years
Furniture and Fixtures	10 years
Automobiles and Trucks	5-8 years
Tools and Equipment	5-10 years

D. Contributed Capital

The District receives title to various water and sewer lines that have been constructed by developers after the District certifies that sewer and water lines meet all the required specifications. The District records sewer and water lines at fair market value, which are depreciated using the methods and lives set forth above and charged to net assets each year. The contributed sewer and water lines amounted to \$1,636,220 for the year.

**STANSBURY PARK IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005**

NOTE 1. SUMMARY OF ACCOUNTING POLICIES (Continued)

E. Property Tax Revenues

Property tax rates are set in June of each year by the Board of Trustees for the District. The County Assessor assesses a value (an approximation of market value) as of January 1 of each year for all real property, which the property tax rates will apply for assessing property taxes. The property taxes assessed become delinquent after November 30.

F. Budgetary Accounting

The District adopts an annual budget, which is maintained on a cash basis. All annual appropriations lapse at fiscal year end.

G. Cash Equivalents

For the purpose of the statement of cash flows, the District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

H. Allowance for Doubtful Accounts

Management has set up an allowance for doubtful accounts of \$1,500 for the year ended 2005.

I. Risk Management

The District purchases insurance from an independent carrier to provide worker's compensation coverage and general liability and property insurance. There were no significant reductions in insurance coverage from the prior year.

J. Net Assets

The District is required by law (Utah Code 11-36-301) to reserve all impact fees collected including interest thereon. The District has reserved \$631,994 of water impact fees, \$330,479 of sewer impact fees and \$1,179,608 of sewer lift station impact fees for a total of \$2,142,081 at December 31, 2005.

STANSBURY PARK IMPROVEMENTS DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 2. SUMMARY OF CHANGES IN FIXED ASSETS

A summary of the fixed assets is as follows:

	December 31, 2004	Additions	Deletions	December 31, 2005
Land	\$ 79,652	\$	\$	\$ 79,652
Building improvements	470,843	23,932		494,775
Collection and distribution systems	16,324,559	3,228,060	(2,821)	19,549,798
Machinery & equipment	155,161			155,161
Office equipment	29,439	5,437	(1,350)	33,526
Construction in progress	587,391	101,611	(495,000)	194,002
Idle assets	492,786	17,105	(485,775)	24,116
	18,139,831	3,376,145	(984,946)	20,531,030
Less accumulated depreciation	(4,347,369)	(407,081)	4,171	(4,750,279)
	<u>\$ 13,792,462</u>	<u>\$ 2,969,064</u>	<u>\$ (980,775)</u>	<u>\$ 15,780,751</u>

NOTE 3. LONG-TERM DEBT

On December 31, 2005, the District had no long-term debt.

NOTE 4. CASH AND INVESTMENTS

Following are the components of the District's cash and investments at December 31, 2005:

Cash and cash equivalents	\$ 2,025,098
Restricted cash and cash equivalents	<u>2,142,081</u>
Total	<u>\$ 4,167,179</u>

Deposits

At December 31, 2005, the carrying amount of the District's deposits was \$21,019 and the bank balance was \$67,023, which was fully covered by federal depository insurance. Deposits are not collateralized nor are they required to be by state statute.

STANSBURY PARK IMPROVEMENTS DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 4. CASH AND INVESTMENTS (Continued)

Deposits (continued)

The District follows the requirements of the Utah Money Management Act (Utah Code Annotated 1953, Section 51, Chapter 7) in handling its depository and temporary investment transactions. This law requires the deposit of District funds in a "qualified depository". The Act defined a "qualified depository" as any financial institution whose deposits are insured by an agency of the Federal Government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

Investments

At December 31, 2005, the District's investment balances were as follows:

<u>Investment type</u>	<u>Fair value</u>	<u>Maturity</u>	<u>Rating</u>
Utah Public Treasurer's Investment fund	\$ 4,146,160	N/A	Unrated
Total	<u>\$ 4,146,160</u>		

Interest Rate Risk. The District has no policy regarding interest rate risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the District invests in the Utah Public Treasurer's Investment Fund which is short term.

Credit Risk. The District has no policy regarding credit risk. The investment in the Utah Public Treasurer's Investment Fund is unrated. These monies are invested primarily in money market securities.

Custodial Credit Risk. For an investment, the custodial risk is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments that are in the possession of an outside part. The District has no policy on custodial credit risk.

STANSBURY PARK IMPROVEMENTS DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 4. CASH AND INVESTMENTS (Continued)

Investments (Continued)

Concentration of Credit Risk. The District places no limit on the amount that the District may invest in any one issuer. The District has no concentration of credit risk.

The Utah Public Treasurer's Investment Fund (UPTIF) is an external deposit and investment pool wherein governmental entities are able to pool the monies from several entities to improve investment efficiency and yield. These monies are invested primarily in money market securities and contain no withdrawal restrictions. As such, the monies invested in this fund are not insured and are subject to the same market risks as any similar investment in money market funds. The Fund is not SEC registered. The fair value of the District's position in the fund is the same as the value of the fund shares.

Restricted Assets

The restricted cash and investments of \$2,142,081 consist of impact fees received to be used only for the purpose defined by contract or under legal provisions.

SUPPLEMENTAL SCHEDULE

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STANSBURY PARK IMPROVEMENT DISTRICT
STATEMENT OF REVENUES AND EXPENSES - BY DEPARTMENT
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Administrative</u>	<u>Water</u>	<u>Sewer & Storm Drain</u>
Operating revenues:			
Sales and services	\$	\$ 365,947	\$ 332,169
Connection fees		9,120	9,210
Miscellaneous	<u> </u>	<u>17,417</u>	<u> </u>
Total operating revenue	<u> </u>	<u>392,484</u>	<u>341,379</u>
Operating expenses:			
Personal services	78,117	87,854	34,993
Supplies and materials	22,751	15,778	3,255
Utilities	9,706	52,723	9,361
Other	21,919	87,910	30,058
Bad debt		1,998	
Depreciation	<u>22,321</u>	<u>166,160</u>	<u>218,600</u>
Total operating expenses	<u>154,814</u>	<u>412,423</u>	<u>296,267</u>
Operating income (loss)	<u>(154,814)</u>	<u>(19,939)</u>	<u>45,112</u>
Nonoperating revenues (expenses):			
Property taxes	27,192		
Interest revenue	66,996		
Impact fees – water		440,117	
Impact fees – water – interest income		13,485	
Impact fees – sewer			27,724
Impact fees – sewer – interest income			11,884
Impact fees – sewer lift station			631,072
Impact fees – sewer lift station interest income			31,996
Contributed capital	<u> </u>	<u>545,547</u>	<u>1,090,673</u>
Total nonoperating revenue and (expenses)	<u>94,188</u>	<u>999,149</u>	<u>1,793,349</u>
Net income (loss)	(60,626)	979,210	1,838,461
Capital expenditures	<u>(52,873)</u>	<u>(1,640,918)</u>	<u>(1,682,354)</u>
Net income after capital expenditures	<u>\$ (113,499)</u>	<u>\$ (661,708)</u>	<u>\$ 156,107</u>

The accompanying notes are an integral part of these financial statements.

<u>Total</u> <u>12-31-05</u>	<u>Budget</u>	<u>Variance</u>
\$ 698,116	\$ 603,500	\$ 94,616
18,330	9,000	9,330
<u>17,417</u>	<u>22,000</u>	<u>(4,583)</u>
<u>733,863</u>	<u>634,500</u>	<u>99,363</u>
200,964	219,000	(18,036)
41,784	59,500	(17,716)
71,790	52,000	19,790
139,887	215,500	(75,613)
1,998	2,000	(2)
<u>407,081</u>	<u>330,000</u>	<u>77,081</u>
<u>863,504</u>	<u>878,000</u>	<u>(14,496)</u>
<u>(129,641)</u>	<u>(243,500)</u>	<u>113,859</u>
27,192	22,030	5,162
66,996	25,100	41,896
440,117		440,117
13,485	2,000	11,485
27,724	9,000	18,724
11,884	5,000	6,884
631,072	400,000	231,072
31,996	7,200	24,796
<u>1,636,220</u>		<u>1,636,220</u>
<u>2,886,686</u>	<u>470,330</u>	<u>2,416,356</u>
2,757,045	226,830	2,530,215
<u>(3,376,145)</u>	<u>(1,579,344)</u>	<u>(1,796,801)</u>
<u>\$ (619,100)</u>	<u>\$ (1,352,514)</u>	<u>\$ 733,414</u>

STANSBURY PARK IMPROVEMENT DISTRICT
SCHEDULE OF IMPACT FEES – WATER
DECEMBER 31, 2005

	Water Impact Fees						
	1999	2000	2001	2002	2003	2004	2005
Impact fee transactions:							
Impact fees - collected	\$ 326,444	\$ 168,559	\$ 424,432	\$ 111,418	\$ 200,171	\$ 409,901	\$ 440,117
Interest earned in prior years	8,407	9,572	4,352			1,595	
Interest earned in current year						3,893	9,592
Total	334,851	178,131	428,784	111,418	200,171	415,389	449,709
Expenditures in 1999	(260,331)						
Expenditures in 2000	(20,833)						
Expenditures in 2001	(53,687)	(178,131)	(428,784)	(109,648)	(200,171)	(69,815)	
Expenditures in 2002				(1,770)			
Expenditures in 2003							
Expenditures in 2004						(146,549)	
Expenditures in 2005							
Net balance	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	(16,740)	(16,740)
						\$ 182,285	\$ 449,709
							\$ 631,994

The accompanying notes are an integral part of these financial statements.

Sewer Impact Fees

The accompanying notes are an integral part of these financial statements.

STANSBURY PARK IMPROVEMENT DISTRICT
SCHEDULE OF IMPACT FEES – SEWER LIFT STATION
DECEMBER 31, 2005

	Sewer Lift Station Impact Fees					
	2000	2001	2002	2003	2004	2005
Impact fee transactions:						
Impact fees - collected	\$ 131,116	\$ 490,170	\$ 131,929	\$ 175,808	\$ 600,896	\$ 631,072
Interest earned in prior years	4,737	4,483	3,257	5,128	5,649	23,254
Interest earned in current year			1,520	4,999	16,759	8,718
Total	135,853	494,653	136,706	185,935	623,304	639,790
Expenditures in 1999						
Expenditures in 2000						
Expenditures in 2001	(135,853)	(460,317)				(596,170)
Expenditures in 2002		(34,336)	(20,823)			(55,159)
Expenditures in 2003			(48,861)			(48,861)
Expenditures in 2004			(10,494)			(10,494)
Expenditures in 2005			(56,528)	(185,935)	(83,486)	(325,949)
Net balance	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 539,818	\$ 1,179,608

The accompanying notes are an integral part of these financial statements.

STANSBURY PARK IMPROVEMENT DISTRICT
BUDGET TO ACTUAL COMPARISON
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Operating revenues:				
Sales and services	\$ 603,500	\$ 603,500	\$ 698,116	\$ 94,616
Connection fees	9,000	9,000	18,330	9,330
Miscellaneous	<u>13,000</u>	<u>22,000</u>	<u>17,417</u>	<u>(4,583)</u>
Total revenues	<u>625,500</u>	<u>634,500</u>	<u>733,863</u>	<u>99,363</u>
Operating expenses:				
Personal services	183,000	219,000	200,964	(18,036)
Supplies and materials	59,500	59,500	41,784	(17,716)
Utilities	43,000	52,000	71,790	19,790
Other	335,500	215,500	139,887	(75,613)
Bad debt	2,000	2,000	1,998	(2)
Depreciation	<u>330,000</u>	<u>330,000</u>	<u>407,081</u>	<u>77,081</u>
Total operating expenses	<u>953,000</u>	<u>878,000</u>	<u>863,504</u>	<u>(14,496)</u>
Operating income (loss)	<u>(327,500)</u>	<u>(243,500)</u>	<u>(129,641)</u>	<u>113,859</u>
Nonoperating revenues (expenses):				
Property taxes	22,030	22,030	27,192	5,162
Interest revenue	25,100	25,100	66,996	41,896
Impact fees – water			440,117	440,117
Impact fees – water – interest income	2,000	2,000	13,485	11,485
Impact fees – sewer	9,000	9,000	27,724	18,724
Impact fees – sewer – interest income	5,000	5,000	11,884	6,884
Impact fees – sewer lift station	400,000	400,000	631,072	231,072
Impact fees – sewer lift station – interest income	7,200	7,200	31,996	24,796
Contributed capital			<u>1,636,220</u>	<u>1,636,220</u>
Total non-operating revenues and (expenses)	<u>470,330</u>	<u>470,330</u>	<u>2,886,686</u>	<u>2,416,356</u>
Net income (loss)	142,830	226,830	2,757,045	2,530,215
Capital expenditures	<u>(1,579,344)</u>	<u>(1,579,344)</u>	<u>(3,376,145)</u>	<u>(1,796,801)</u>
Net income after capital expenditures	<u>\$ (1,436,514)</u>	<u>\$ (1,352,514)</u>	<u>\$ (619,100)</u>	<u>\$ 733,414</u>

STANSBURY PARK IMPROVEMENT DISTRICT

MANAGEMENT REPORT

DECEMBER 31, 2005

STANSBURY PARK IMPROVEMENT DISTRICT
MANAGEMENT REPORT
DECEMBER 31, 2005

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Board of Trustees
Stansbury Park Improvement District

We have audited the basic financial statements of Stansbury Park Improvement District as of and for the year ended December 31, 2005, and have issued our report thereon dated February 24, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Stansbury Park Improvement District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As a part of obtaining reasonable assurance about whether Stansbury Park Improvement District's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the District's Board of Trustees, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

Wiggins & Co. P.C.

Sandy, Utah

February 24, 2006

INDEPENDENT AUDITOR'S REPORT ON
STATE OF UTAH LEGAL COMPLIANCE

To the Board of Trustees
Stansbury Park Improvement District

We have audited the basic financial statements of Stansbury Park Improvement District for the year ended December 31, 2005, and have issued our report thereon dated February 24, 2006. Our audit included testwork on the District's compliance with those general compliance requirements identified in the State of Utah Legal Compliance Audit Guide, including:

- Public Debt
- Cash Management
- Purchasing Requirements
- Budgetary Compliance
- Truth in Taxation and Property Tax Limitations
- Special Districts
- Other General Compliance Issues
- Impact Fees and Other Development Fees

The District did not receive any major or nonmajor State grants during the year ended December 31, 2005.

The management of Stansbury Park Improvement District is responsible for the District's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in the accompanying Schedule of Findings, Recommendations, and Responses. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, the Stansbury Park Improvement District, complied, in all material respects, with the general compliance requirements identified above for the year ended December 31, 2005.

Wiggins & Co. P.C.

Sandy, Utah

February 24, 2006

STANSBURY PARK IMPROVEMENT DISTRICT
SCHEDULE OF FINDINGS, RECOMMENDATIONS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2005

A. FINDINGS – STATE OF UTAH LEGAL COMPLIANCE – PRIOR YEAR

1. **Finding:**

Form TC-693 reports the property tax "Budgeted Revenue," which should be the revenue amount for the adopted budget. The entity's adopted budget for property tax revenue does not agree with the amount on Form TC-693.

Recommendation:

The District should budget the amount of property tax revenue that is recorded on form TC-693.

Response:

We will budget the correct property tax revenue.

Status:

The finding has not been corrected.

STANSBURY PARK IMPROVEMENT DISTRICT
SCHEDULE OF FINDINGS, RECOMMENDATIONS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2005

A. FINDINGS – STATE OF UTAH LEGAL COMPLIANCE – CURRENT YEAR

1. **Finding:**

Form TC-693 reports the property tax "Budgeted Revenue," which should be the revenue amount for the adopted budget. The entity's adopted budget for property tax revenue does not agree with the amount on Form TC-693.

Recommendation:

The District should budget the amount of property tax revenue that is recorded on form TC-693.

Response:

We will budget the correct property tax revenue.